

U. S. Department of Housing and Urban Development



Community Planning and Development

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OCT 04 2005

Mr. Bruce Brensdal
Administrator
Housing Division
301 S. Park Ave., 2nd Floor
Helena, MT 59601

RECEIVED

OCT 07 2005

MBOH

Dear Mr. Brensdal:

Community Planning and Development (CPD) is striving to strengthen its working relationship with our State and local government partners to help achieve greater results in meeting the housing and community development needs of our low- and moderate-income customers. One of our important responsibilities in this ongoing process is the periodic assessment of your accomplishments and performance in the administration of funds provided by CPD and in meeting key program and Departmental objectives, as mandated by the statutes governing these programs.

We are conveying to you with this letter our current draft Annual Community Assessment. As explained in more detail below, you have the opportunity to provide us with your review and comment on this draft Annual Community Assessment.

Assessment Highlights

The State of Montana continues to do a good job of meeting its strategies and goals as outlined in the State's Consolidated and Annual Action Plans. Since the change in the State's grant cycle in 2003, Montana has allocated CDBG and HOME funds to municipalities in a timelier manner, which has increased the benefit to low- and moderate-income residents.

Background

The provisions of the Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990, require the annual submission of performance reports by grant recipients and a determination by HUD that the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs. The Department now conducts a comprehensive performance review of your overall progress at least annually, as required by the statutes and the rules governing the Consolidated Plan (24 CFR § 91.525). The review consists of the information in your most recent Consolidated Annual Performance and Evaluation Report, as well as all other information available on performance and compliance. This assessment not only meets the mandates of the statutes, but also provides a basis for working together collaboratively to further the achievement of your local housing and community development goals, as well as meeting key program and Departmental objectives.

Review and Comment

You have the opportunity to provide us with your review and comment on the draft Annual Community Assessment. Please provide any review and comment within 30 days of the date of this letter. We may revise the Assessment after considering your views. If we do not receive any response by the end of the 30 day period, the draft Annual Community Assessment will become final without further notice.

The final Annual Community Assessment must be made readily available to the public. You can assist us in this regard by sharing the final Annual Community Assessment with the media; with a mailing list of interested persons; with members of your advisory committee; or with those who attended hearings or meetings. You must also provide a copy of the final Annual Community Assessment to your independent public auditor. HUD will make the final Annual Community Assessment available to the public upon request and may provide copies to interested citizens and groups.

If you have any questions, please do not hesitate to contact me or Renae Blair, Community Planning and Development Representative. We can be reached at (303) 672-5414.

Sincerely,



for Guadalupe M. Herrera
Director
Community Planning
and Development

Enclosure

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ANNUAL COMMUNITY ASSESSMENT SUMMARY

JURISDICTION State of Montana

PROGRAM YEAR START – April 1, 2004

PERIOD COVERED BY ASSESSMENT - April 1, 2004 through March 31, 2005

PART I. CONSOLIDATED PLAN ASSESSMENT

Consolidated Plan Strategies.

The executive summary for Montana's Consolidated Annual Performance and Evaluation Report (CAPER) for program year 2004, lists four basic goals for the Community Development Block Grant (CDBG), HOME Investment (HOME), and the Emergency Shelter Grant (ESG). The goals include increasing affordable housing for low- to moderate-income persons, providing housing for special needs populations, expanding economic opportunities to improve living conditions for low- to moderate-income persons, and expanding/improving public facilities and services in low/moderate income areas.

In Part II (Assessment of Annual Performance) of the CAPER, objectives under the categories of Housing, Homelessness, Economic Development, Infrastructure and Public Facilities are listed as well as an assessment of the State's performance in meeting the one-year and five-year objectives. Some of the accomplishments provided in the CAPER are:

- 17 housing projects supported with CDBG funding across Montana including first-time homebuyer programs, new construction and housing rehabilitation
- 87 new jobs created with 75 available to low- to moderate-income persons
- Public facility funds (CDBG) were fully awarded for the 2004 program year with 4 counties and 6 towns receiving funds for waste water projects or infrastructure improvements as well as funds for the construction of a new senior citizens center, renovation and construction of county health facility, construction of the New Work Center for developmentally disabled adults and construction of 2 Head Start facilities.

Conclusion

The State Montana continues to do a good job of meeting its strategies and goals as outlined in the State's Consolidated and Annual Action Plans. Since the change in the State's grant award cycle in 2003, Montana has allocated CDBG and HOME funds to municipalities in timelier

manner, which has increased the benefit to low- and moderate-income residents. The geographic information beginning on page 47 of the CAPER clearly indicates the wide spread impact of those federal grants throughout the state.

Leveraging of Resources.

Section B of the CAPER (Investments of Available Resources) lists each CDBG funded project under the categories of Public Facilities, Housing and Economic Development. The project information includes all funding sources including the amount of CDBG funds awarded to the project. Below are the totals of CDBG and other funding dollars per category:

	CDBG Funding	Other Funding	Total Project Dollars
Public Facilities	\$ 5,025,285	\$21,170,547	\$ 26,195,832
Housing	\$ 3,873,000	\$18,601,402	\$ 22,474,402
Economic Dev.	\$17,362,805	\$94,744,677	\$112,107,482

Conclusion

It is obvious from the information provided in the CAPER, that the State of Montana does a good job of leveraging CDBG dollars. At least 75 percent of the total of all project dollars in the 3 categories are from other funding sources with over 75 percent of each individual project providing at a minimum dollar for dollar or more of leverage.

Progress in Implementing Goals and Objectives.

Affordable Housing

In Part II of the CAPER, Montana lists the housing objectives of the State's one-year plan and an analysis of the State's progress in meeting those listed objectives. Affordable housing activities included 34 percent of HOME funds awarded to 4 Community Housing Development Organizations (CHDOs) and the funding of 20 other affordable housing projects with the use of CDBG and HOME funds. The activities funded included down payment and closing cost assistance, new housing construction and the rehabilitation of existing housing.

Some of the objectives and accomplishments listed in the one year Action Plan are:

- Increase assisted living housing for the elderly and physically and mentally disabled.
 - HOME funds assisted 2 group homes for developmentally disabled or mentally ill adults.
- Decrease housing environmental hazards, such as lead-based paint, asbestos, or black mold.
 - HOME funds paid for an individual to be certified to train lead-based paint risk assessors and inspectors.
- Increase the ability of low- to moderate-income households to buy homes.

- HOME and CDBG funding for first-time homebuyer projects and homebuyer education.

Conclusion

It appears from the information provided in the CAPER and IDIS reports (C0PR25, Status of CHDO Funds by Fiscal Year, C0PR22, Status of HOME Activities, and C0PR03, CDBG Activity Summary Report) that the State of Montana continues to meet the state's affordable housing objectives as stated in the Consolidated and Annual Action Plan.

Homelessness

The Homeless Needs and Prevention portion of the CAPER provides good information about the homeless population in Montana. The point-in-time survey that the Continuum of Care completed in the winter of 2005 provided a good snapshot of the homeless population and the distribution of resources in Montana. It is interesting to note that while the City of Billings had about 37 percent of the State's homeless population, it had only 23 percent of the beds available for homeless persons.

The CAPER also reports on the accomplishments of the Continuum of Care in providing new permanent and transitional housing with supportive services for homeless persons and families.

Conclusion

The objectives, proposed actions and accomplishments provided in the CAPER to assist homeless persons in Montana revolve primarily around the objectives, activities and accomplishment of the Montana Continuum of Care. The State of Montana also receives funding through the Emergency Shelter Grant (ESG) to directly assist homeless persons in the State. The CAPER would be more complete if it included the activities and accomplishments of ESG funding as well as the Continuum of Care in the Homeless Section.

It was noted that in Section B of the CAPER, Proposed Actions Resulting from Assessment of Annual Performance (Issues Stimulating Policy Refinement) that Homelessness is listed but the information is missing.

Economic Opportunity

The CAPER lists 9 objectives for economic development and opportunities in the Annual Action and Consolidated Plan. Those objectives include the increase of viable economic development projects, the creation of permanent year-around jobs primarily for low- and moderate-income residents, and assist with micro-enterprise development through technical assistance funding.

Pages 28 through 31 of the CAPER provide a narrative of each of the economic development projects funded during Montana's 2004 program year. The narrative includes the objective of the project, the jobs benefit, and the breakdown of the total funding including how CDBG dollars were utilized.

Conclusion

The State of Montana does a good job of meeting its economic objectives. In the 2004 program year it is reported that 75 new jobs were created and approximately 47 jobs retained for low- to moderate-income residents.

As reported in the CAPER, the total for all economic development projects was over \$20 million with CDBG funding providing about \$2.2 million in loans and administration and training grants which leverage about 1 CDBG dollar for every 9 dollars of funding provided from other sources.

Progress Toward Meeting Statutory Purposes.

Program Evaluation

The statutory purposes of CDBG are providing decent housing, a suitable living environment, and economic opportunities for low- and moderate-income persons. The State of Montana provides a variety of programs to meet these statutory purposes including:

- First time homebuyer programs that offer homebuyer education, mortgage counseling, down payment and closing costs assistance; rehabilitation of sub standard homes, redevelopment of neighborhoods and public facility improvements.
- Construction of new emergency and transitional housing for victims of domestic violence.
- Creation and/or retention of jobs for low- to moderate-income residents.
- The renovation and expansion of a health facility for patients with Alzheimer's and other dementia-related disorders.

PART II. PROGRAM ASSESSMENT

Eligibility of Activities

The State of Montana's activities for the program year 2004, appear to be eligible under 24 CFR 570.200(a)(3)(i) and 570.205(a)(4)(iv) for the cost of administration and planning; 570.201(c)

public facilities and improvements. Montana does not allocate CDBG funds for public service activities.

Program Beneficiaries

Regulations for CDBG funded activities require that a minimum of 70% of the funds be used to benefit low- and moderate-income persons, excluding eligible costs for administration and planning.

The State of Montana's CDBG Financial Summary (PR26) for Program Year 2004 indicates that over 94% of grant funds were expended on activities for the benefit of low- to moderate-income residents and exceeded the regulatory requirement.

The HOME Lower Income Benefit report (IDIS PR16) indicates that over 98% of completed HOME-assisted rental activities benefit very low-and and other low-income renters (0% - 60% of area median income (AMI)). This exceeds the regulatory requirement of 90% benefit for very low- and other low-income renters. As required, 100% of completed HOME-assisted rental activities and homeownership activities benefited persons at or below 80% AMI.

Timeliness

The IDIS PR01 report "HUD Grants and Program Income", indicates that the State of Montana is in compliance with regulations requiring that HOME funds be committed within 2 years and disbursed within 5 years as stated at 92.500(d)(1)(B)&(C). All of the state's HOME funds are committed and disbursed through the 2003 program year.

Regulations at 24 CFR 576.35 require that the state must make available to its recipients all Emergency Shelter Grant (ESG) funds within 65 days of the date of the grant award by HUD. Regulations also require that the state must have its grant funds obligated within 180 days of the date on which the state made the grant amounts available to the recipient and that all of its ESG grant funds must be expended within 24 months of the same date. The PR01 report shows that 100 percent of the 2004 ESG funds are obligated and 100 percent of the 2003 funds have been expended. The IDIS PR20 report shows that 99.9 percent of the 2004 ESG funds have also been expended.

The State of Montana is to be commended for the timely obligation and expenditure of all grant funds.

Program Limitations

Regulations at 24 CFR 570.201(e)(1) require that the amount of CDBG funds used for public services not exceed 15 percent of each grant. The State of Montana does not use CDBG funds for public service activities.

Administration and planning costs are limited to 20 percent of the sum of any grant plus program income as provided in regulations at 570.200(g). According to the CDBG Financial Summary

for Program Year 2004, Montana expended 9.1 percent for administrative purposes, below the statutory cap.

HOME program regulations require 15 percent of the grant be committed to Community Housing Development Organizations (CHDOs). The IDIS PR27 report shows the CHDO commitment requirement at \$720,475. The State has reserved over \$1.6 million to CHDO activities, clearly well above the 15 percent requirement.

Emergency Shelter Grant regulations require a cap on expenditures for essential services and homeless prevention activities of 30% each and administrative expenses at 5%. The IDIS report, PR20, shows that the State of Montana is within the regulatory requirements with 16% committed for homeless prevention, 22% committed for essential services and 5% committed for administration of the 2004 grant.

Citizen Participation

Montana is meeting the requirement of citizen participation as stated in the regulations at 24 CFR 91.115.

Appendix A (Public Review Process) of the CAPER provides information on actions the State of Montana implements to encourage citizen participation in development of the state's Consolidated and Action Plans. Citizen participation is also encouraged by requiring program applicants and recipients at the local level to provide residents, especially low- and moderate-income, adequate notice and opportunity for meaningful involvement in the planning and development of applications

Grant Management and Monitoring

Pages 55 through 57 of the CAPER provide information on the type and frequency of monitoring the staff conducts for activities throughout the year. Each funding program, CDBG, HOME and ESG, is monitored based on Housing and Urban Development (HUD) and state requirements. It appears from the information in the CAPER, Montana is doing a good job of ensuring that sub-recipients are in compliance with grant regulations.

Civil Rights

The CAPER describes the Analysis of Impediments (AI) to Fair Housing and the actions the State has taken to alleviate the impediments and to educate the citizens of Montana on fair housing laws. Two objectives were outlined as a result of a 2004 fair housing impediment study and an update to the 2000 AI. The objectives are education and coordination.

Some of the actions the State took in program year 2004 to meet the objectives were:

- State staff participated in or attended conferences and fairs that promoted fair housing and personal finance, Native American homeownership, changing housing markets and demographics.
- State staff distributed fair housing brochures and posters to successful state grantees, at workshops and as requested by individuals and organizations.
- State staff monitored sub recipients for compliance with federal fair housing laws.

It appears from the information provided in the CAPER, that Montana continues to work diligently to ensure that fair housing information is provided to residents and continual efforts are made to alleviate impediments.

Amendments

No amendments were made to the Consolidated or 2004 Annual Action Plans.

Match

Regulations require that 25 percent of HOME funds drawn down during a program year, excluding funds for administration, be matched with non-federal funds. According to the CAPER, the match liability for 2004 HOME activities was provided through the current year and excess match funds from previous years. Montana has match funds in excess of 7 million dollars from previous years and is well within the regulatory requirement.

The ESG program requires a 1 for 1-dollar match for activities. The CAPER states "The ESG program verifies that required match is documented by contracted agencies." As noted in the 2002 and 2003 Assessment, future CAPERs must include match documentation for ESG.

The State of Montana also requires matching funds for CDBG dollars used for economic development at a 1 to 1 ratio and requires local governments to provide at least 25 percent match for CDBG funded public facilities projects. The state match requirement for economic development and facilities projects enables the state to provide more funds to a variety of statewide projects and to help ensure accountability of local governments.

Reporting Requirements

The CAPER for program year 2004 was received on June 29, 2005, on time and complete with the exception of ESG match information. IDIS reporting, for the most part, appears accurate.

Other Applicable Laws

No reported activities fall within the one for one replacement requirement of housing or displacement.

PART III. EVALUATION AND CONCLUSIONS

A. OVERALL EVALUATION

The State of Montana is meeting their objectives as outlined in the Consolidated and Annual Action Plans: of increasing affordable housing for low- to moderate-income persons, providing housing for special needs populations, expanding economic opportunities to improve living conditions for low- to moderate-income persons, and expanding/improving public facilities and services in low/moderate income areas. The State continues to do a good job of leveraging grant funds to increase the benefits provided to the low- to moderate-income residents of Montana

B. CONCLUSIONS AND FINDINGS

Community Planning and Development, Rocky Mountains, Denver, has reviewed available facts and data pertaining to the performance of the State of Montana for its Consolidated Plan and the formula Community Planning and Development Programs specified in that Plan (Community Development Block Grant, HOME Investment Partnership, and Emergency Shelter Grants) during the period specified above. Based on the overall review record and the information summarized above, CPD makes the following findings:

1. During the period specified above, the State of Montana has carried out its program substantially as described in its Consolidated Plan as approved and amended.
2. The Consolidated Plan, as implemented, complies substantially with the requirements of applicable laws and regulations, except as may be noted above.
3. The State of Montana has the continuing capacity to carry out its approved program in a timely manner.

PART IV. APPROVAL

SUMMARY PREPARED BY:

Renae Blair 9/28/05
Renae Blair CPD Representative Date

REVIEW AND CONCURRENCE:

Sharon Jewell 9-28-05
Sharon Jewell Deputy Director, CPD Date

APPROVAL

Guadalupe M. Herrera 9-28-05
for Guadalupe M. Herrera Director, CPD Date